



# NEWS TO USE

A newsletter for PERSI employers

April 2004

- Military duty and PERSI benefits
- New laws affecting PERSI

## Military duty and PERSI benefits

A PERSI member serving in the military, including the national guard and reserves, may earn PERSI "Military Service" credit for the period they are on active duty. The member and employer do not have to pay contributions for the member to receive credit for eligible military service.

The member may earn PERSI credit for the period while on active duty if:

- they begin service within 90 days of leaving PERSI-covered employment, and
- they return to PERSI employment within 90 days of release from active duty.

### Credit Earned if Receiving Salary

Although entitled to military service credit at no charge, some employers may wish to continue to pay full or partial salary while the member is on active duty.

#### *Full-time salary*

If the employer pays wages equal to more than 15 days per month or 20 hours per week, both member and employer contributions are required, and the member will receive regular service credit for the month.

#### *Part-time salary*

If the employer pays wages equivalent to less than 15 days per month or 20 hour per week, contributions are not required on the salary, and the member will be eligible for military service credit.

### PERSI Credit if the Member Withdraws their Base Plan Funds

If the member is called to active duty, terminates employment and withdraws their PERSI Base Plan funds as a Separation Benefit, they cannot receive the military service credit even if they return to your employment within 90 days after leaving the military. This is because the separation benefit negates their

"employee" status prior to the military service. They may, however, regain their military service credit by repaying the entire separation benefit upon returning to work if they meet all other military service requirements.

### Class of PERSI Service

Military service is awarded at the same employee class under which the member was working when called into the military. If they were a general member when entering the military, but return to employment as a police member, their military service will be awarded as a general member.

### Continuing Contributions into the 401(k)

If members wish to continue making voluntary pre-tax contributions to the 401(k) while serving, they may do so if the employer continues to pay salary that is equal to 20 or more hours per week.

### Choice Plan 401(k) Loan Repayments

If a member took a loan from the PERSI Choice Plan 401(k) and is repaying the loan, their repayments may be suspended during any period of qualified military service. Once they return from active duty payments will resume.

### Making up missed Choice Plan Contributions

Members may make up voluntary pre-tax contributions to the 401(k) missed while on qualified military service if they return to work upon release from active duty.

### Death Benefits if Killed in Action

#### PERSI Base Plan

**Non-Vested Members:** Beneficiaries of members with less than 60 months of PERSI service (including military service) will receive a lump sum death benefit consisting of the member's Base Plan contributions plus interest.

**Vested Members:** Beneficiaries of members with 60+ months of PERSI service (including military

Continued on back

## Military service continued from front service) have two options:

The beneficiary may receive two times the members Base Plan contributions and interest (contributions + interest) x 2, or

If there is a surviving spouse, the beneficiary may waive their right to the death benefit to instead have a monthly allowance paid to the surviving spouse for his or her lifetime. If the spouse is the beneficiary, he or she may also elect the monthly allowance.

### **PERSI Choice Plan 401(k)**

Months of service are not considered for Choice Plan death benefits. If the beneficiary is the surviving spouse, he or she may select from a variety of payment options including monthly installments or a lump sum payment. If the beneficiary is not the spouse, he or she will receive a lump sum payment consisting of the 401(k) account balance.

## **Disability Benefits if Injured in Action**

### **PERSI Base Plan**

Disabilities resulting from service in the Armed Forces are excluded from a PERSI Base Plan disability retirement benefit.

### **PERSI Choice Plan 401(k)**

The PERSI Choice Plan does not have disability benefits. However, a disability may be a "distributable event" and the member may be able to withdraw their funds without early withdrawal penalties.

## **NCPERS Insurance**

Members in the NCPERS group term life insurance program may continue it during military service as long as premiums are paid during service. Double indemnity for accidental death and dismemberment will not be covered. Spouses and children will still be covered. PERSI does not administer NCPERS. Members must contact their payroll clerk or Gallagher Benefit Co. at 1-800-525-8056 for information.

### **More Information**

More detailed information for those who may be called into military service is available on PERSI's Website [www.persi.state.id.us](http://www.persi.state.id.us).

## New laws affecting PERSI

### **SB 1256 - Exclusion of ORP Eligible Employees**

Under current law ORP service and PERSI service are combined to determine eligibility in the PERSI system. This bill changes the definition of employee to exclude employment that is eligible for ORP membership.

### **SB 1257 - Death Benefit Waived by Beneficiary**

This bill amends PERSI law to provide that upon a beneficiary waiving a death benefit due to them, the death benefit will be paid to the member's surviving spouse, or if there is no surviving spouse it will be paid in accordance with the laws of descent and distribution.

### **SB 1258 - Change to Calculation of Statewide Average Firefighter Wage under FRF**

This bill changes the measurement period for the average wage to July 1-June 30, and changes the wages measured to those earned during the period. It also changes reporting requirements and provides for a one-time calculation during the change.

### **SB 1259 - Elimination of Social Security Numbers (SSNs) from Domestic Retirement Orders (DRO)**

This bill eliminates the statutory requirement for SSNs of the member and ex-spouse to be on the DRO and the court order. PERSI must receive the SSN of the ex-spouse before the DRO is approved.

### **SB 1446 - Military Service Definition for Survivor Benefits**

This bill amends the requirements for Military Service to permit accrual of Military Service in the case of survivor benefits. Currently there is no provision for crediting military service in case of a member on active military duty who may be killed. This amendment provides for military service from date of active duty to date of death.

### **HB 726 - Waiver of Survivor Benefits in Divorce**

This bill allows a spouse contingent annuitant of a retired member to waive their right to receive a continuation of the retirement benefit as part of a divorce settlement. This bill allows the member's benefit to "pop-up" to the regular retirement benefit if the ex-spouse waives their right to the contingent benefit as part of a divorce settlement. This is much like the law treats the member's benefit if the named contingent annuitant dies before the member.